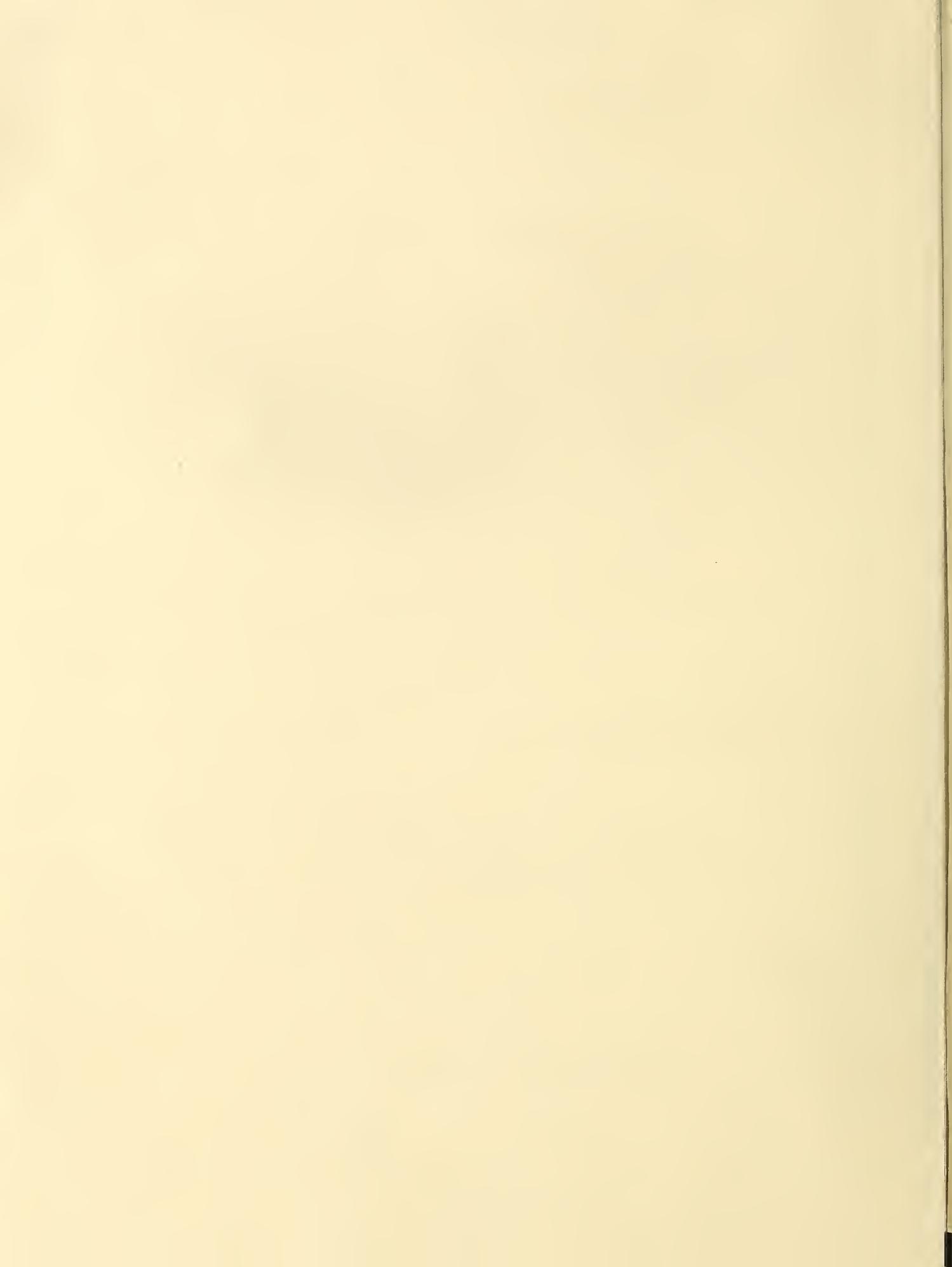


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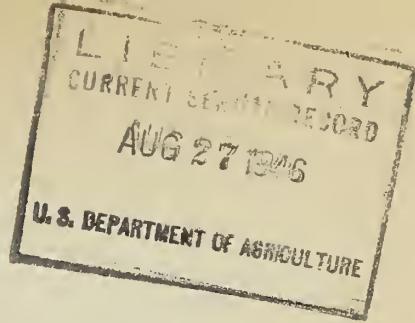


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TIMELY FARM TOPICS NO. 20



WHEAT INSURANCE

Broadcast by Carl Wright, Manager, Federal Crop Insurance Corporation, of the U. S. Department of Agriculture. Recorded: February 16, 1945.
Time: 6 minutes, 14 seconds, without announcer's part.

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ANNOUNCER: LIVE:

Crop insurance is being offered to _____, farmers on spring wheat. Right now Wallace Kadderly of the Department of Agriculture is discussing the wheat insurance program with Carl Wright, Manager of the Federal Crop Insurance Corporation. By transcription, let's listen to their conversation and find out what it's all about.

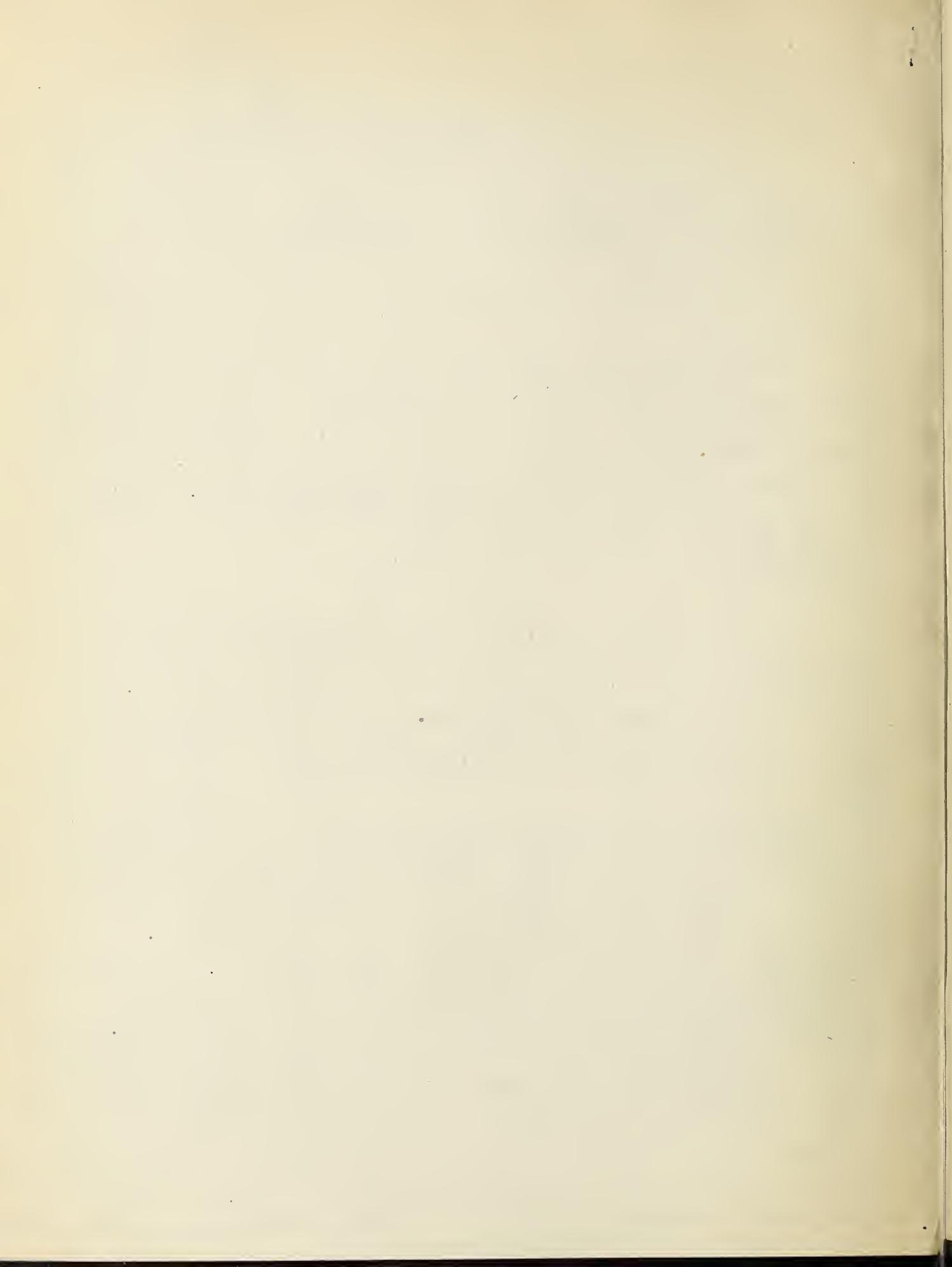
TRANSCRIPTION:

KADDERLY:

You might put it this way, Carl: this year a farmer can plant his wheat and know beyond a shadow of a doubt that he'll get a good crop. But, I'll bet you if I had made that statement to a farmer ten years ago, he wouldn't have lost much time telling me that I was absolutely crazy.

WRIGHT:

Well, Wallace, if you had made that statement ten years ago, the farmer would have been right. When he planted, there was no way of telling what kind of wheat crop he'd have at the end of the season. From the time men broadcast their seed by hand, right on up to the modern farmer who goes out to his fields in a high powered tractor, there has always been the chance that something would wipe out the crop before harvest time....A hail storm, an insect plague, or plant disease that the farmer couldn't do a thing in the world to stop.



KADDERLY:

Of course, no one has found a way to stop winds from blowing, or too much rain from falling, or cold weather from freezing, or fire from burning, or hail from beating the wheat crops into the ground. Even so, the farmer who has crop insurance doesn't have to worry so much about these hazards.

WRIGHT.

Yes sir, crop insurance protects the farmer against unavoidable hazards. You are assured of having a crop to market, no matter what the weather does.

KADDERLY:

Carl, what's the new insurance line for 1945 spring wheat? How much of your crop can you insure against losses from these unavoidable causes?

WRIGHT:

There are two kinds of coverages, Wallace. Both are written for a period of three years. One covers up to fifty percent of the average yield for your farm. The other covers up to 75 percent -- with premium rates set in relation to the amount of coverage.

KADDERLY:

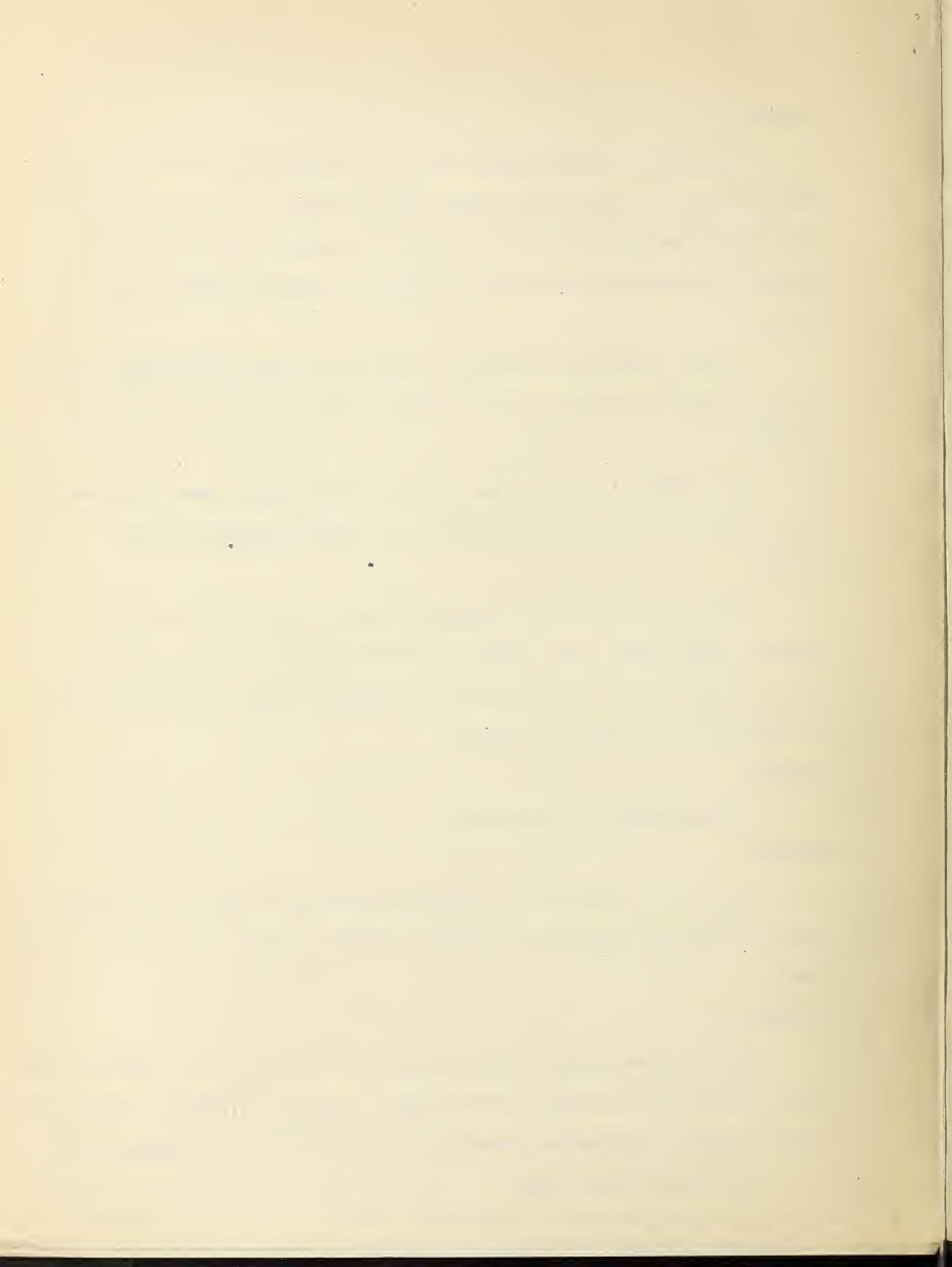
Do these premiums run very high?

WRIGHT:

Well, it's a little hard to discuss the relative cost of crop insurance, because it varies in different localities and under different conditions on each farm.

KADDERLY:

That's the way life insurance operates. How much you pay depends on how old you are and the condition of your health. The same principle is followed in crop insurance. The premiums depend upon the risk involved in growing wheat in your locality and on your farm.



WRIGHT

Exactly.

KADDERLY:

But you said the contract premium will be set no lower than three bushels of wheat. Does that mean the payments are figured on the basis of the commodity itself rather than in dollars and cents?

WRIGHT

That's right. Premiums and indemnities both are paid on the basis of bushels of wheat. It's more convenient to deal in cash, therefore both are translated into cash terms.

KADDERLY:

How do you go about paying the premiums?

WRIGHT:

By commodity note due about harvest time. Then, the premium payments can be made by just subtracting the amount of the premium from the indemnity if you should have a loss. Or you could have the amount deducted from any payment due for participation in the Triple-A conservation program. Or still another way would be through deduction from the proceeds of any Commodity Credit Corporation or Department of Agriculture loan.

KADDERLY

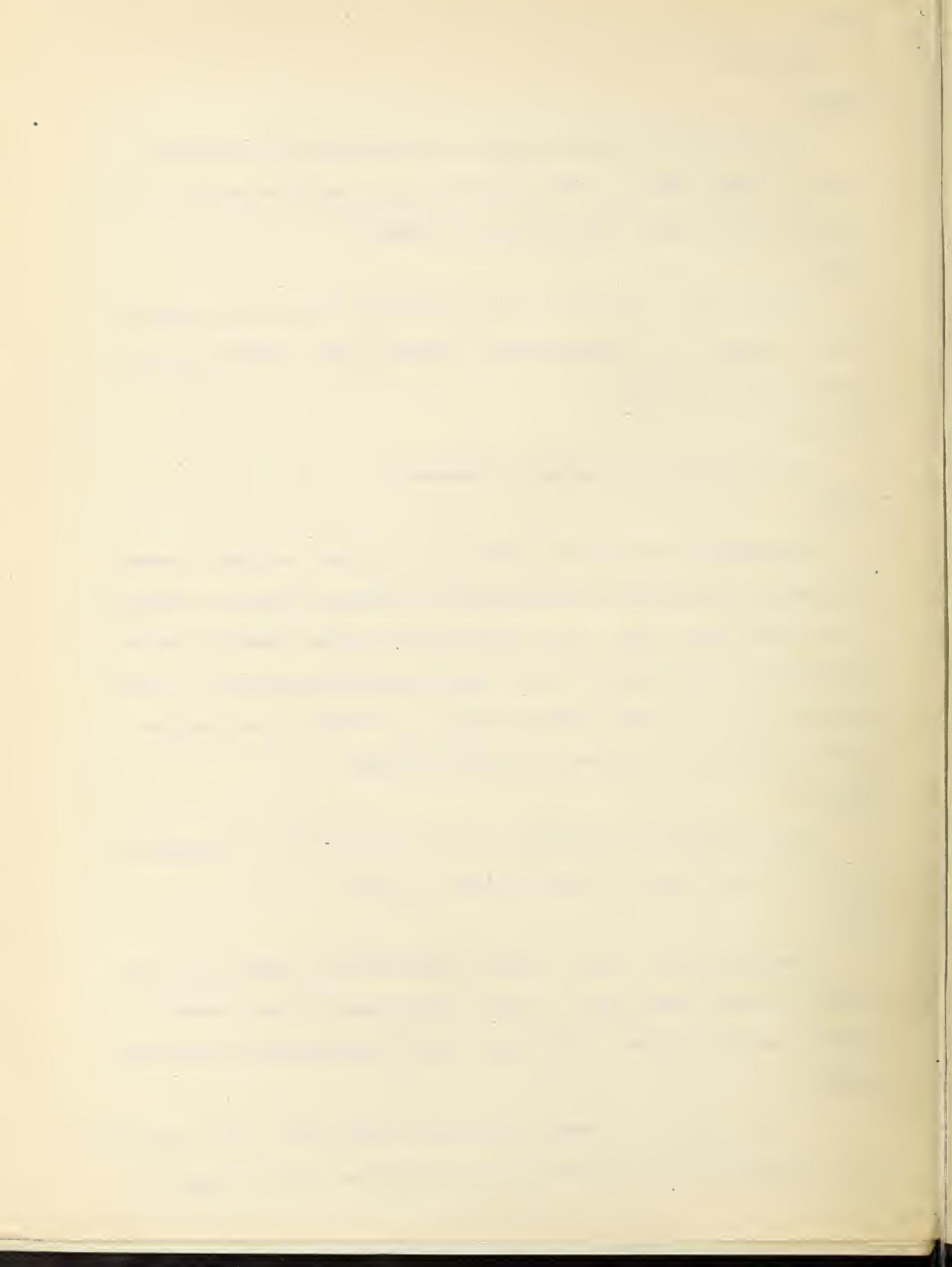
But what about this three year period of the contract. Do you pay for all three years at once, or just one year at a time?

WRIGHT:

Just one year at a time. And the contract may be cancelled by giving one year's notice. Next year, of course, winter wheat will be insurable, too. Applications for insurance on winter wheat will be taken in July and August.

KADDERLY:

I see. So far we've been talking about "paying out". Let's come around to the receiving end for a minute and see what happens when you collect the insurance.



If a hail storm destroyed a farmer's insured wheat crop, what would he do about collecting the indemnity?

WRIGHT:

He'd write to his county Triple-A office immediately. Then a Federal Crop Insurance Corporation adjuster would come around to see the extent of the damage. The amount of payment would depend on what stage of cultivation the crop was in when the farmer accepts his indemnity.

KADDERLY:

Wait a minute, Carl. Just exactly what does that mean?

WRIGHT:

Well, if your hail storm came along early enough in the season to allow the farmer to plant that land again to another crop, then he'd collect fifty percent of his coverage on the damaged crop. If he had gone right on up to harvest time, but found out he couldn't save enough of the crop to harvest, he'd collect eighty percent of the insured production. But if he goes through all the expense of harvesting, and comes out with less than the insured production, he collects the difference in what he made and his full coverage.

KADDERLY:

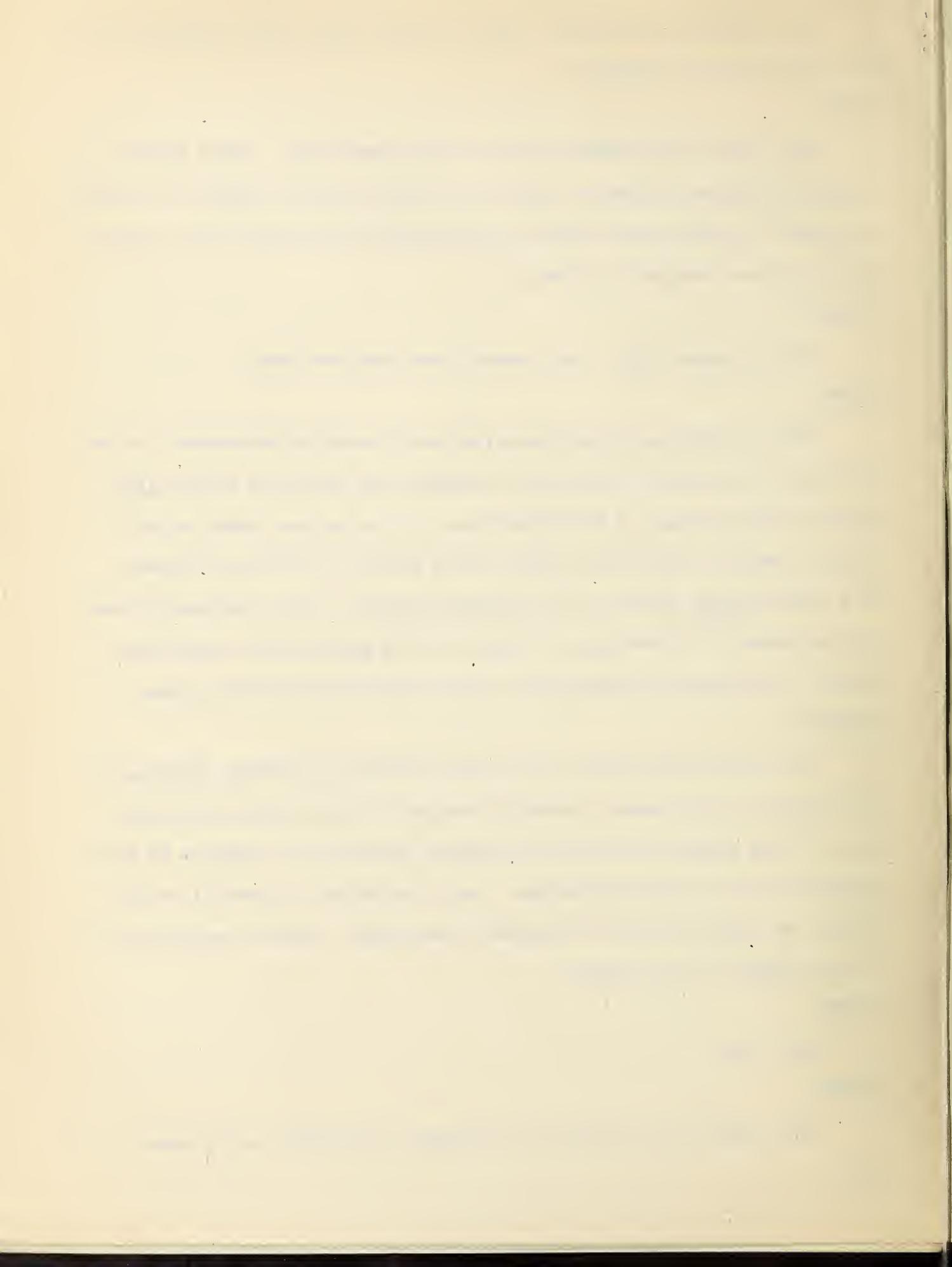
So in the first instance, the farmer collects an indemnity amounting to fifty percent of his insured production because he could still plant another crop. In the second case, where other use is not made of the land he is paid eighty percent of insured production. And in the third, he goes all the way through the season, and has the expense of harvesting. Then he collects up to the full amount of his coverage.

WRIGHT:

That's it.

KADDERLY:

Fair enough. And that kind of insurance is available to any wheat grower.



WRIGHT:

Anybody who grows spring wheat...tenant, sharecropper, or landowner. If your interest in the crop is only a part of the whole, you can insure that part.

There's just one condition. Before insurance is available in any county, at least a third or at least fifty farms of the county -- depending on which is the smaller number -- must apply for contracts. Wheat and flax insurance contracts may be added together in reaching that figure.

KADDERLY:

Just one other point -- where farmers can get the insurance.

WRIGHT:

All crop insurance contracts are being written by Triple-A committeemen and by individual authorized salesmen. All contracts must be completed before planting and before an ending date set by the Federal Crop Insurance Corporation for each community.

KADDERLY:

And if anybody would like to know more about the workings of wheat insurance, the County Triple-A committees can furnish any and all details.

Many thanks to you, Carl.

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